

## **Exhibit A**

1                   DAVID BROWNSTEIN

2       bondholders?

3                   MS. SPILLANE:   Objection to  
4       form.

5                   MR. MERVIS:   Objection to  
6       the form.

7           A           You have to know how much  
8       money you have available after that  
9       settlement or litigation, if you don't  
10      have a settlement, in order to find a  
11      settlement with the bondholders.

12          Q           Had the dispute between the  
13      oversight board and the fuel line lenders  
14      concerning the fuel line lenders'  
15      asserted priority been resolved prior to  
16      agreement to the 2019 RSA?

17          A           I don't recall.

18          Q           Are you aware of any  
19      settlement between the oversight board  
20      and the fuel line lenders, preceding the  
21      agreement to the 2019 RSA?

22          A           No.   They were part of the  
23      2019 RSA.   So all of it was developed in  
24      one package.   But you had their  
25      agreement.   So you didn't have the

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2       dispute issue to worry about, that they  
3       were litigating, and they would take  
4       money that belonged to the bondholders in  
5       the RSA because then we'd have to cancel  
6       the RSA.

7               Q           And when you say they would  
8       take money that belonged to the  
9       bondholders, what do you mean by that?

10            A           If they won the litigation  
11       and were entitled to first cash flow,  
12       were they entitled to 100 cents on the  
13       dollar, 100 cents plus accruals or not.  
14       And if they were, that would mean based  
15       on what we at the time believed we could  
16       afford to pay wouldn't have enough money  
17       to pay the bondholders what we would have  
18       agreed to if we had done them first  
19       without knowing the results on the fuel  
20       lines.

21            Q           If the fuel line lenders in  
22       the absence of a settlement were to  
23       prevail in their priority litigation,  
24       would that require PREPA to pay  
25       additional sums in total creditor

1 DAVID BROWNSTEIN

2 recoveries?

3 MS. SPILLANE: Objection to  
4 form.

5 A No. As I just said to you,  
6 it would have required that we not offer  
7 as much to the bondholders.

8 MR. MADDEN: Tab 4 of the  
9 binder.

10 (The above-referred-to  
11 document was marked as Exhibit 91 for  
12 identification, as of this date.)

13 Q Mr. Brownstein, do you  
14 recognize the agreement that begins on  
15 page 5 of 32 of -- let me take a step  
16 back.

17 MR. MADDEN: I didn't mark  
18 this. We're going to mark as Exhibit  
19 91 a document that is Exhibit M to  
20 the disclosure statement, dated  
21 March 1, 2023.

22 A Okay.

23 Q And so my question was going  
24 to be, Mr. Brownstein, do you recognize  
25 the agreement that begins on page 5 of 32

1 DAVID BROWNSTEIN

2 of the PDF that is Exhibit 91?

3 A Yes, sir.

4 Q And what is it?

5 A It's the plan support and  
6 settlement agreement between the fuel  
7 lines, the board and PREPA.

8 Q And were you involved in  
9 negotiating this agreement?

10 A Yes.

11 Q And what was the nature of  
12 your involvement?

13 A I'm not sure I understand  
14 your question.

15 Q How did you participate in  
16 the negotiations that led to this  
17 agreement?

18 A Well, based on what the  
19 board was comfortable doing, we  
20 negotiated a settlement with the fuel  
21 line lenders. And then we assisted  
22 Proskauer, who worked with Wachtell as  
23 fuel line lender counsel, and the advisor  
24 to the fuel line lenders to paper the  
25 agreement that would look like what our

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2 priority; right?

3 A Correct.

4 Q And what do you anticipate  
5 your testimony to be with respect to  
6 those key benefits regarding the priority  
7 of the fuel line lenders?

8 MR. MERVIS: Object to the  
9 form. But you could answer.

10 A Again, as I said previously  
11 today, the critical pieces, what we were  
12 concerned about is since we have a  
13 limited amount of funds available for  
14 creditors, without knowing what the  
15 amount is that we will be paying the fuel  
16 lines, given we would be going into  
17 litigation, we would either have to  
18 reserve a significant amount of money for  
19 the fuel lines until we knew, or we could  
20 settle with them and, therefore, be able  
21 to negotiate with the bondholders with  
22 knowing what was the free cash flow  
23 available for them.

24 Q Thank you.

25 Moving away from the

1                   DAVID BROWNSTEIN

2       disclosure statement and moving towards  
3       the fuel line lender settlement, under  
4       that settlement, why are bondholders  
5       entitled to interest accrual from  
6       December 1, 2022 on the Series A Bonds?

7                   MR. MERVIS: I object to the  
8       form.

9           A           Well, you're asking why the  
10      fuel line lenders as owners of the Series  
11      A Bonds are entitled to one year's  
12      accrued interest.

13           Q           Yes.

14           A           Okay. And this is on the  
15      new bonds so you understand; right? That  
16      there's a deemed issuance date on the  
17      bonds, built into our cash flows already  
18      is the cost of that one year's accrual.  
19      If the settlement takes longer than a  
20      year, they no longer receive additional  
21      accrual.

22                   So the charge that you're  
23      aware of that we're prepared to pay to  
24      all creditors incorporates already, the  
25      interest accrual from the deemed issuance

1 DAVID BROWNSTEIN

2 date. The reason for the deemed issuance  
3 date is, as I think you know, the fuel  
4 lines are one of several creditors, but  
5 one who has settled with the board who  
6 have entered into several RSAs with us;  
7 okay? And those RSAs have been  
8 terminated for various reasons. The  
9 issue is in getting creditors to agree  
10 today to move forward with an RSA with  
11 us. They're looking to understand what  
12 can keep the deal from closing and when  
13 it can close and what the economic impact  
14 to them of it not closing on that  
15 schedule is.

16 So as part of the settlement  
17 with National -- with the fuel line  
18 lenders, we've agreed to give them a  
19 deemed issuance date. And if the bonds  
20 are issued in less than one year or one  
21 year exactly, they will get accrued  
22 interest on those bonds, on the new  
23 bonds. If it's longer than one year, the  
24 accrual stops. It's not dissimilar,  
25 although it is different, from the



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2       National agreement where National will  
3       receive one cent on its pro rata share of  
4       their bonds.

5                   So let me try and help you  
6       think about this. If there are 8 billion  
7       of outstanding bonds, one cent on that  
8       8 billion then divided by all the bonds,  
9       multiplied by National's bonds is what  
10      they'd be entitled to for up to 12  
11      months, subject to approval of the  
12      utility commission, PREB.

13           Q           So you view this as interest  
14      on new bonds and not post-petition  
15      interest; is that fair?

16           A           No. The difference, as I  
17      said, is that the interest on -- for  
18      National is one cent. It's not equal to  
19      interest on the bonds, on the old bonds.

20           Q           I'm still on the fuel line  
21      lenders.

22           A           I'm sorry. I apologize.  
23      Yes. It's interest on the new bonds.

24           Q           Now, staying with the fuel  
25      line lenders, I mean you're not going to

1                   DAVID BROWNSTEIN

2       dispute that they're receiving a higher  
3       recovery than the general unsecured  
4       creditors under the current proposed  
5       plan, are you?

6           A           I am not. They've settled,  
7       and the unsecureds have not.

8           Q           Is that the singular  
9       justification for the difference in  
10      treatment?

11                   MR. MERVIS: Objection to  
12      the form of the question.

13                   THE WITNESS: So you want  
14      him to re-ask it?

15                   MR. MERVIS: No. If you  
16      understand it, you can answer.

17           A           No. But I'm telling you, so  
18      they have a real settlement. And it was  
19      negotiated. And we have a settlement  
20      with them in National. We don't have a  
21      settlement with the GUCs. I can't talk  
22      about what has occurred with the GUCs in  
23      terms of offers that have been made.  
24      But, you know, that's the difference.

25           Q           So is there any other reason

1                   DAVID BROWNSTEIN

2       for the difference in the treatment,  
3       other than the fact that one is a  
4       settlement, and one hasn't been settled?

5                   MR. MERVIS:   Objection to  
6       the form.

7               A           Yes.   Again, it was our  
8       position that we have risk with the fuel  
9       line lenders on priority.   And we don't  
10      believe we have that risk with you.

11           Q           And that has to do with the  
12      current expense?

13           A           Yes.

14           Q           Do you know if there's any  
15      general unsecured creditors that have  
16      current expense claims?

17           A           No, we don't.   We believe  
18      there may be.   But we don't.

19           Q           Have you ever heard of a  
20      company called General Unsecured Creditor  
21      as I believe Cedarlake Capital?

22           A           No.

23           Q           If there was a general  
24      unsecured creditor that also had a  
25      current expense claim, would they be

1                   DAVID BROWNSTEIN

2       treated similarly in your opinion to the  
3       fuel line lenders?

4                   MR. MERVIS:   Objection to  
5       the form.

6           A           The answer is no.   We don't  
7       have a settlement with them.   They didn't  
8       negotiate a settlement.   And the answer  
9       would be it depends on if they settle and  
10      how that settlement works.   As you know,  
11      there have been offers made.

12          Q           Now, is it your  
13      understanding that the fuel line lenders  
14      are expressly named in the trust  
15      agreement?

16                  MS. SPILLANE:   Objection to  
17      form.

18          A           I believe what's named is  
19      fuel purchases; right?

20          Q           Do you think that the trust  
21      agreement references to the fuel line  
22      lenders whether they're denominated by  
23      some other name?

24                  MS. SPILLANE:   Objection to  
25      form.

1 DAVID BROWNSTEIN

2 MR. MERVIS: I object to the  
3 form.

4 Q Are the general unsecured  
5 creditors parties to the trust agreement?  
6 Do you know?

7 A Are they a separate party to  
8 it?

9 Q Yes. Any party.

10 MR. MERVIS: Object to the  
11 form.

12 A What do you mean any party?

13 Q Well, that's separate. I'm  
14 not sure what you mean by separate. Take  
15 out the word separate.

16 Are the general unsecured  
17 creditors, other than the -- are they  
18 parties to the trust agreement? Did they  
19 sign?

20 MR. MERVIS: Object to the  
21 form.

22 A I don't believe so, no.

23 Q Is it the board's position  
24 that the trust agreement provides the  
25 fuel line lenders with priority over

1 DAVID BROWNSTEIN

2 other bondholders?

3 MR. MERVIS: Object to the  
4 form.

5 A What the board's position is  
6 there's a risk in litigation that they  
7 could win that claim. And therefore,  
8 we're settling it.

9 Q And does that claim also  
10 indicate -- is that claim also based on  
11 the assertion that the fuel line lenders  
12 have priority over other creditors that  
13 are not bondholders?

14 MR. MERVIS: I'm sorry. One  
15 second. Yeah. I object to the form.

16 A Yes. Now, again, as we  
17 discussed a moment ago, it's possible  
18 that some of the GUCs actually have  
19 priority as well; right? That's  
20 information we don't have.

21 Q Can you explain why? If the  
22 general unsecured creditors are not party  
23 to the trust agreement, why the fuel line  
24 lenders would have priority over those  
25 general unsecured creditors?

1 DAVID BROWNSTEIN

2 MS. SPILLANE: Object to

3 form.

4 MR. MERVIS: I object to the

5 form.

6 A As I said, there's -- in the  
7 indenture, it refers to fuel purchase.

8 Q Should I take your response  
9 to mean that it is the board's position  
10 that the parties involved in fuel  
11 purchases would have priority over any  
12 other creditor?

13 MS. SPILLANE: Objection to  
14 form.

15 MR. MERVIS: I object to the  
16 form of the question.

17 A If the determination is no  
18 one has a lien, so everyone is parity,  
19 provided that there is a risk, our  
20 position isn't that they're entitled to  
21 it. Our position is that there's a risk  
22 in litigation that they would win. And  
23 so therefore, we are prepared to settle  
24 that claim.

25 Q And that settlement includes

1                   DAVID BROWNSTEIN

2       giving them a higher priority than the  
3       unsecured creditors; correct?

4                   MR. MERVIS: I object to the  
5       form.

6       A           Correct.

7       Q           Now, under the plan, does  
8       the recovery for the fuel line lenders  
9       come solely out of the recovery that  
10      would have otherwise gone to the  
11      bondholders?

12                  MS. SPILLANE: Objection to  
13      form.

14                  MR. MERVIS: Object to the  
15      form.

16      A           There is one pot of cash.  
17      So it's not that it's only coming out of  
18      the bondholders. That pot is available  
19      for the bondholders, the GUCs, the fuel  
20      line lenders and anyone else who we have  
21      an obligation to. And therefore, it's  
22      out of the pot in total, not out of just  
23      the bondholders' share of the pot.

24      Q           Has the board done an  
25      analysis as to whether there are any



1                   DAVID BROWNSTEIN

2       other current expense claims, other than  
3       the fuel line lenders and what I had  
4       mentioned earlier, potential GUC claims  
5       for current expenses?

6                   MR. MERVIS: I object to the  
7       form of the question.

8           A           The board has a consultant  
9       who they work with on valuation of the  
10      claims and determination as to whether  
11      they're real claims or not. That's a  
12      separate firm.

13          Q           And does that include  
14      categorizing them to determine whether or  
15      not they're current expense claims?

16          A           I don't know the answer. I  
17      believe so. But I don't know for sure.

18          Q           And who makes the  
19      determination as to whether or not a  
20      claim is a current expense claim?

21                   MR. MERVIS: Object to the  
22      form.

23          A           I'm assuming the board's  
24      consultant presents to the board each  
25      claim for a consideration.

1                   DAVID BROWNSTEIN

2           Q           You don't know what the  
3 factors are? Based on your testimony, it  
4 seems to me you don't know what the  
5 factors are in making that determination.

6           A           No.

7           Q           Earlier, you touched on the  
8 fact that perhaps, a current expense  
9 claim from a GUC should be treated  
10 similarly to a fuel line lender current  
11 expense claim. Did I understand that  
12 correctly?

13          A           No. That's not quite what I  
14 said. I said that they may be on a  
15 priority claim. I didn't say that they  
16 would be or should be treated the same.

17          Q           From that, should I -- do I  
18 understand that your position is that a  
19 current expense would be a priority claim  
20 of some form?

21          A           No. I'm not saying that.

22          Q           Well, you said that it  
23 should be treated -- a GUC with a --

24          A           If they have, again, a  
25 priority claim that is a true priority

1                   DAVID BROWNSTEIN

2           form.

3                   MS. SPILLANE:   Objection to  
4           form.

5           A           What I would say to you is,  
6   if you could show us it is a priority  
7   claim, we'll consider it and think about  
8   what we do about it. But to date, we  
9   haven't been provided anything, as far as  
10   I know, that shows there's a priority  
11   claim, not just that it's an unsecured  
12   claim. But it's a priority claim.

13          Q           And what I'm asking is, one  
14   of the factors that you would evaluate,  
15   maybe not exclusively, is in determining  
16   whether it's a priority claim is whether  
17   it's a current expense?

18                   MS. SPILLANE:   Objection to  
19           form.

20          A           It is one of the factors.  
21   But as you said, there's more to it than  
22   being just a current expense. That's not  
23   the only reason the fuel lines have a  
24   priority. It's because it's a current  
25   expense that says it has a priority.

1                   DAVID BROWNSTEIN

2           Q           Let me talk briefly about  
3   National and that PSA.

4                   Is it your understanding  
5   that National has a contractual priority  
6   over unsecured creditors under the trust  
7   agreement or any other document?

8           A           At the time we settled with  
9   National, there had been no ruling from  
10   Judge Swain as to whether they had a  
11   secured lien or not. At that time, we  
12   settled the claim with them as we were  
13   prepared to do with others at the same  
14   time. And that included, you know,  
15   settling the fact that they may have a  
16   secured lien.

17          Q           Does that PSA with National  
18   have a fiduciary out?

19                   MR. MERVIS: Objection to  
20   the form. You could answer.

21          A           I don't believe so. It has  
22   outs in it. But I don't believe it has a  
23   fiduciary out.

24          Q           Do you know why it doesn't?

25                   MR. MERVIS: Objection to

1                   DAVID BROWNSTEIN

2           the form.

3           A           Not every PSA has a  
4   fiduciary out. That simple. There's  
5   reasons to put one in. We have outs.  
6   They have outs here. It's not a  
7   fiduciary out. If Judge Swain says that,  
8   as you know, the reimbursement claim is  
9   not a valid claim, they still have to  
10  proceed. They don't have an out. We  
11  don't have an out for that. And if she  
12  says that they are not -- well, there's  
13  several outs and other provisions. But  
14  there isn't -- my recollection is there  
15  isn't a fiduciary out in that agreement.

16          Q           Well, you just referenced  
17  that Judge Swain, if she doesn't approve  
18  the reimbursement claim, but that's just  
19  one element of several elements of that  
20  PSA, isn't it?

21          A           Yes, although they don't  
22  get -- remember the reason that they gave  
23  up their CVI was in part because they  
24  were getting the reimbursement claim.  
25  That doesn't step back in. That deal, as